

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2406 – SB 2482

April 1, 2014

SUMMARY OF ORIGINAL BILL: Adds language to existing law to clarify that art galleries that serve wine may not serve patrons under 21.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015704): Deletes the language of the original bill following the enacting clause. Reduces, from 15 percent to 0 percent, the minimum amount of food sales required to qualify for a limited service restaurant license. Establishes a rebuttable presumption that a limited service restaurant license applicant has food sales between 0 percent and 20 percent.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue - \$215,000/FY14-15/ABC Fund

Exceeds \$307,500/FY15-16 and Subsequent Years/ABC Fund

Assumptions for the bill as amended:

- Due to the lower food sales requirement, fifty new establishments will become licensed in FY14-15 that would not have been licensed in the absence of the bill as amended. As a result, there will be a recurring increase in state revenue estimated to be \$200,000 (50 new licensees x \$4,000 license fee) to the ABC Fund.
- The one-time application fee for these new licensees is \$300. The one-time increase in state revenue to the ABC Fund attributable to the application fees for FY14-15 is estimated to be \$15,000 (\$300 application fee x 50 new licensees).
- A minimum of 25 new applicants each year beginning in FY15-16.
- The recurring increase in state revenue to the ABC Fund for FY15-16 and subsequent years is estimated to exceed \$307,500 $\{[(\$4,000 \times 25) + (\$300 \times 25) \text{ for FY15-16 new entrants}] + \$200,000 \text{ (estimated recurring revenue from FY14-15)}\}$.

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- The Alcoholic Beverage Commission will not require any additional resources to provide oversight for the additional licensees.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/cce